

TILLMAN COUNTY INDUSTRIAL AUTHORITY

(A public trust and a component unit of Tillman County, Oklahoma)

Financial Statements

as of and for the twelve months ended

June 30, 2013

David O. Tate
Certified Public Accountant
Mangum, Oklahoma 73554

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
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TILLMAN COUNTY INDUSTRIAL AUTHORITY

201 North Main
Frederick, Oklahoma 73542
Telephone: (580) 335-3421

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Tillman County Industrial Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the financial statements.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The financial statements are designed to provide readers with a broad overview of the Authority's finances. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about the Authority in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and accrued interest receivable).

The financial statements report on the function of the Authority that is principally supported by lease revenues. The Authority's function is to provide a method for financing needed infrastructure and other assets to create jobs and stimulate economic activity in Tillman County, Oklahoma.

Government-Wide Financial Statements vs. Fund Financial Statements

The Authority maintains one proprietary fund to account for all its functions. The Proprietary Fund Type financial statements represent both the government wide financial statements as well as the fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the amounts provided in the financial statements. The notes to the financial statements can be found on pages 12 through 16 of this report.

Proprietary Fund

The proprietary fund is a governmental fund used to account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent of the management of the Authority to use the fund to assist in the determination of revenues earned; expenses incurred, and net income and its appropriation for capital maintenance, as well as, management control and fiscal accountability.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,965,109.
- .
- The Authority had revenues of \$460,563 and expenses of \$227,354 (excluding depreciation expense) for the year ended June 30, 2013.
- The cash and investments balance at June 30, 2013 was \$7,075,137 representing an increase of \$686,980 from June 30, 2012.

Financial Analysis

A comparative analysis of current and prior year balances is included below.

	June 30		Increase	
	2013	2012	(decrease)	
Statement of Net Position:				
Current assets	7,085,137	6,398,157	686,980	
Property and equipment	5,224,596	3,217,296	2,007,300	
Other assets	93,749	848,296	(754,547)	
Total assets	12,403,482	10,463,749	1,939,733	
Current liabilities	843,462	317,735	525,727	
Long-term liabilities and other credits	8,594,912	9,621,588	(1,026,676)	
Total liabilities	9,438,374	9,939,323	(500,949)	
Net position	2,965,108	524,426	2,440,682	
Statement of Activities:				
Revenues	460,563	458,734	1,829	
Expenses	302,675	543,552	(240,877)	
Net increase (decrease) in net position	157,888	(84,818)	242,706	

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2013, the Authority's investment in capital assets was \$5,224,596 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment and construction work in progress. Assets with a net value of \$773,757 were paid off by and transferred to the lessee

Additional information on the Authority's capital assets can be found in Note C.

Long-Term Debt

Long-term bonded indebtedness of the Authority at June 30, 2013, was \$9,245,000. Details of the indebtedness can be found in Notes E and G.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Additional financial information relative to the Authority may be obtained by contacting the Tillman County Clerk, 201 North Main, Frederick, Oklahoma 73542, telephone (580) 335-3421.

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report

The Board of Trustees of the Tillman County Industrial Authority
(a public trust and a component unit of Tillman County, Oklahoma)

Report on the Financial Statements

I have audited the accompanying financial statements of the Tillman County Industrial Authority as listed in the table of contents as of June 30, 2013 and for the year then ended and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform my audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tillman County Industrial Authority as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on page 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with "Government Auditing Standards", I have issued my report dated March 12, 2014, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of my audit.



Certified Public Accountant
Mangum, Oklahoma
March 12, 2014

			Exhibit A
			Page 1 of 2
Tillman County Industrial Authority			
(A public trust and a component unit of Tillman County, Oklahoma)			
Statement of Net Position			
June 30, 2013			
Assets			
Current assets:			
Cash and cash equivalents		106,313	
Capital lease receivable, current portion (Note D)		10,000	
Restricted current assets:			
Cash and cash equivalents (Notes A and B)		6,980,512	
Total current assets		7,096,825	
Property and equipment			
Property and equipment (Note C)		5,224,596	
Total property and equipment		5,224,596	
Other assets			
Restricted other assets:			
Capital lease receivable, non-current portion (Note D)		93,749	
Total other assets		93,749	
Total assets		12,415,170	
Liabilities and Net Position			
Liabilities			
Current liabilities:			
Bonds payable-current portion (Notes E and G)		740,000	
Notes payable-current portion (Note F)		10,000	
Accrued interest payable		93,462	
Total current liabilities		843,462	
The accompanying notes to the financial statements are an integral part hereof.			

			Exhibit B
Tillman County Industrial Authority			
(A public trust and a component unit of Tillman County, Oklahoma)			
Statement of Activities and Changes in Net Position			
for the twelve months ended June 30, 2013			
Revenues:			
Lease revenues		306,575	
Tax rebates		137,322	
Reimbursements		2,320	
Interest earned		14,345	
Total revenues		460,563	
Expenses:			
Trustee fees		9,500	
Interest expense		201,207	
Professional fees		6,895	
Administrative fees		9,752	
Other expenses			
Depreciation		75,321	
Total expenses		302,675	
Change in net position		157,887	
Net position at the beginning of the year		2,818,910	
Net position at the end of the year		2,976,797	
The accompanying notes to the financial statements are an integral part hereof.			

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Statement of Activities and Changes in Net Position
for the twelve months ended June 30, 2013

Revenues:			
Lease revenues		306,575	
Tax rebates		137,322	
Reimbursements		2,320	
Interest earned		14,345	
Total revenues		460,563	
Expenses:			
Trustee fees		9,500	
Interest expense		201,207	
Professional fees		6,895	
Administrative fees		9,752	
Other expenses			
Depreciation		75,321	
Total expenses		302,675	
Change in net position		157,887	
Net position at the beginning of the year		2,818,910	
Net position at the end of the year		2,976,797	
The accompanying notes to the financial statements are an integral part hereof.			

Lease revenues		306,575
Tax rebates		137,322
Reimbursements		2,320
Interest earned		14,345

Total revenues		460,563
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Expenses:

Trustee fees		9,500
Interest expense		201,207
Professional fees		6,895
Administrative fees		9,752
Other expenses		
Depreciation		75,321

Total expenses		302,675
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Change in net position		157,887
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Net position at the beginning of the year		2,818,910
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Net position at the end of the year		2,976,797
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The accompanying notes to the financial statements are an integral part hereof.

			Exhibit C
Tillman County Industrial Authority			
(A public trust and a component unit of Tillman County, Oklahoma)			
Statement of Cash Flows			
for the twelve months ended June 30, 2013			
Cash flows from operating activities:			
Interest collected		14,345	
Lease payments collected		306,575	
Tax rebates		137,322	
Reimbursements		2,320	
Payments to suppliers		(26,147)	
Interest paid		(293,947)	
Net cash provided (used) by operating activities		140,468	
Cash flows from investing activities:			
Principal collected on capital leases		7,917	
Net cash provided (used) by investing activities		7,917	
Cash flows from financing and capital related activities:			
Construction of facilities		(2,762,669)	
Bond proceeds		3,689,572	
Principal paid on bonds/notes payable		(376,620)	
Net cash provided (used) by financing activities		550,283	
Net increase (decrease) in cash		698,668	
Cash at the beginning of the year		6,388,157	
Cash at the end of the year		7,086,825	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)		157,887	
Adjustments to reconcile operating income to net cash provided by (used in)			
operating activities:			
Depreciation		75,321	
Decrease in accrued interest payable		(92,740)	
Net cash provided by (used in) operating activities		140,468	
The accompanying notes to the financial statements are an integral part hereof.			

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2013

Note A-Summary of significant accounting policies

The Tillman County Industrial Authority (hereinafter referred to as the "Authority") was created by action of the trustees on June 3, 1968 and operates as a non-expendable trust. The Authority has prepared and presented the financial statements in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

1. The reporting entity. The Authority is a public trust created under the Statutes of the State of Oklahoma now in full force and effect (including, but not limited to Section 176 to Section 180, of Title 60), solely for the benefit of Tillman County, Oklahoma. Its purposes are to furnish services and facilities, to promote local industry and its expansion, cultural and educational activities, and to provide, or aid in providing funds for financing, acquiring and constructing physical properties and facilities, or aid in providing to the beneficiary any needed facilities and services. The Authority is empowered to borrow money for the purpose of fulfilling its functions and to pledge properties and the revenue wherefrom as security for money borrowed.

The trustees of the Authority are appointed by the Tillman County Board of Commissioners to three year terms. As the governing body of the Authority is appointed by the Tillman County Board of Commissioners, this element of control requires the trust be considered a component unit of Tillman County, Oklahoma.

2. Basis of accounting. The financial statements of the Authority are prepared and presented in accordance with accounting principles generally accepted in the United States of America. As a proprietary fund component unit of Tillman County, Oklahoma, the Authority applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or after November 30, 1989, unless those pronouncements conflict with or contradict pronouncements of the Governmental Accounting Standards Board, in which case, pronouncements of the latter board prevail.

In accordance with accounting principles generally accepted in the United States of America, the Authority has maintained its financial records using the accrual basis of accounting. Revenues are recognized when they become measurable and available and expenditures are recorded when the related liability is incurred.

3. Cash and cash equivalents. Holdings of highly liquid investments, excluding restricted assets, with original maturities of three months or less are considered to be cash equivalents.

4. Property and equipment. Property and equipment is recorded at cost, including capitalized interest, less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful life of the assets. Property improvements and renewals which extend the life of the asset beyond the original estimated useful life are capitalized.

5. Long-term investments. Long-term investments represent the amortized costs of debt securities, with a maturity in excess of one year when purchased, owned by the Authority.

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2013

Summary of significant accounting policies (continued)

6. Restricted assets. Certain assets of the Authority are classified as restricted assets because their use is restricted by bond or mortgage indentures.

7. Risk management. Tillman County, Oklahoma, as beneficiary of the Authority, participates in the Association of County Commissioners Self-Insurance Group to provide general liability and property insurance on the building owned by the Authority. Tillman County, Oklahoma, along with the other participating entities, contributes annual premiums in amounts determined by the association.

At June 30, 2013, the buildings were insured for \$3,918,000.

8. Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note B-Restricted assets

BancFirst, acting as trustee of the Correctional Facilities Lease Revenue Bonds, Series 1999, maintains cash accounts or the equivalent of cash in the amount of \$618,102 to be used as follows:

	Description	Amount
	Educational facilities debt service-A	11,688
	Educational facilities rebate	3,501
	Educational facilities debt service	255,096
	Educational facilities interest account	1
	Tillman County Industrial Authority Revenue	3,229,824
	Cash management account	260,638
	Tillman County Industrial Authority	239,338
	Educational facilities bond proceeds-B	2,914,411
	Repair and replacement fund	66,014
	Total cash and cash equivalents	6,980,512

BancFirst, acting as trustee of the Oklahoma Development Finance Authority Public Facilities Financing Program Revenue Refunding Bonds Series 2011, maintains investments in United States Treasury bonds and other obligations of the United States Government in the Reserve Fund.

All of these assets will be held or used in accordance with the terms of the trust indenture. Any funds remaining after extinguishment of the related debt will be returned to the Authority.

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2013

Note C-Property and equipment

A summary of the property and equipment that is the subject of leases by the Authority follows:

	Balance			Balance	
	July 1, 2012	Additions	Reductions	June 30, 2013	
Land, health department site	27,720		27,720	-	
Health department facility	897,698		897,698	-	
Construction work in process		2,762,669		2,762,669	
Land, correctional facility site	37,761			37,761	
Correctional facility building	3,063,263			3,063,263	
Correctional facility annex	74,903			74,903	
Correctional facility equipment	199,944	-		199,944	
Total assets	4,301,289	2,762,669	925,418	6,138,540	
Accumulated depreciation	990,283	75,321	151,661	913,943	
Total net assets	3,311,006	2,687,348	773,757	5,224,596	

During the twelve months ended June 30, 2013, the sum of \$75,321 was charged against unrestricted net assets of the Authority as depreciation expense.

Note D-Capital leases receivable

1. Terry M. Hoffman and Kathleen Hoffman. The Authority is the lessor to Terry M. Hoffman and Kathleen Hoffman of a waste retention facility employed in conjunction with the operation of a dairy farm. The total lease payments to be received were \$100,000, payable \$417 per month for 239 months and \$416 for one month. The lease commenced on January 15, 2003. At the termination of the lease on December 15, 2023, the lessees may purchase the subject of the lease for a negotiated price not to exceed \$500. At June 30, 2013, the amount due Tillman County Industrial Authority was \$50,832.94, of which \$5,000 is due to be paid within the next 12 months.

2. John Vanderlaan and Peter Vanderlaan. The Authority is the lessor to John Vanderlaan and Peter Vanderlaan of a waste retention facility employed in conjunction with the operation of a dairy farm. The total lease payments to be received were \$100,000, payable \$417 per month for 239 months and \$416 for one month. The lease commenced on January 15, 2003. At the termination of the lease on December 15, 2023, the lessees may purchase the subject of the lease for a negotiated price not to exceed \$500. At June 30, 2013, the amount due Tillman County Industrial Authority was \$52,916.29, of which \$5,000 is due to be paid within the next 12 months.

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2013

Note E-Bonds payable.

Oklahoma Development Finance Authority Public Facilities Financing Program Revenue Refunding Bonds Series 2011. On March 10, 2011, the trustees of the Authority authorized the issuance of indebtedness to refund bonds previously issued for the construction and equipping of a correctional facility to be leased to Tillman County, Oklahoma. The notes mature serially with the initial maturity having been on November 1, 2011, with a final maturity at November 1, 2034. The unpaid principal balance of the bonds at June 30, 2013, was \$3,135,000.

The bonds bear interest at the rate of 4.5% per annum.

Debt service is required to be deposited with the trustee, BancFirst, in an amount sufficient to retire the indebtedness in a timely fashion until maturity. The Authority is in compliance with all provisions of the bond indenture.

The bonds are secured by a superior lien on the real property on which the project has been constructed as well as the revenues from the property.

The facilities constructed with the funds have been leased to Tillman County, Oklahoma beginning November 1, 2001 for a period of 35 years with monthly lease rental payments sufficient to retire the related indebtedness per month. Additionally, there are certain reimbursements that must be paid to the Authority in immaterial amounts from time to time. At the termination of the lease, the property is to be returned to the Authority.

Frederick Public School Facility Financing Bonds. The trustees of the Authority authorized the issuance of indebtedness to construct a facility to be leased to Frederick Public Schools, Frederick, Oklahoma. The notes mature on September 1, 2025 and bear interest of 4.5% per annum. The unpaid principal balance at June 30, 2013 was \$6,110,000.

Debt service is required to be deposited with the trustee, BancFirst, in an amount sufficient to retire the indebtedness in a timely fashion until maturity. The Authority is in compliance with all provisions of the bond indenture.

Note F-Notes payable

1. Tillman County Rural Water District notes.

A. The Authority is liable on a promissory note payable to Tillman County Water Development Authority with an original amount due of \$100,000. The proceeds of this note were used to finance the capital lease arrangement with Terry M. Hoffman and Kathleen Hoffman. The note is payable in 239 installments of \$417 and one installment of \$416. The note does not bear interest. At June 30, 2013, the remaining principal balance was \$50,000.

B. The Authority is liable on a promissory note payable to Tillman County Water Development Authority with an original amount due of \$100,000. The proceeds of this note were used to finance the capital lease arrangement with John Vanderlaan and Peter Vanderlaan. The note is payable in 239 installments of \$417 and one installment of \$416. The note does not bear interest. At June 30, 2013, the remaining principal balance was \$50,000.

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2013

Note G-Debt maturities.

A schedule of the maturities of all long-term debt for each of the next five years and each five-year period until maturity is shown below:

	Correctional			Public school		
Year ending	facility			facility		
June 30	Principal	Interest	Total	Principal	Interest	Total
2014	95,000	141,050	236,050	645,000	260,148	905,148
2015	95,000	138,200	233,200		245,652	245,652
2016	100,000	135,275	235,275	905,000	225,312	1,130,312
2017	105,000	132,200	237,200		204,972	204,972
2018	105,000	128,525	233,525	905,000	184,632	1,089,632
2019-2023	595,000	573,938	1,168,938	1,820,000	616,939	2,436,939
2024-2028	740,000	423,938	1,163,938	1,835,000	124,399	1,959,399
2029-2033	935,000	227,225	1,162,225			-
2034-2038	365,000	17,194	382,194			-
Total	3,135,000	1,917,544	5,052,544	6,110,000	1,862,054	7,972,054
Year ending	Total					
June 30	Principal	Interest	Total			
2014	740,000	401,198	1,141,198			
2015	95,000	383,852	478,852			
2016	1,005,000	360,587	1,365,587			
2017	105,000	337,172	442,172			
2018	1,010,000	313,157	1,323,157			
2019-2023	2,415,000	1,190,876	3,605,876			
2024-2028	2,575,000	548,337	3,123,337			
2029-2033	935,000	227,225	1,162,225			
2034-2038	365,000	17,194	382,194			
Total	9,245,000	3,779,597	13,024,597			

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with "Government Auditing Standards"

To the governing body of
Tillman County Industrial Authority

I have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the Tillman County Industrial Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Tillman County Industrial Authority's basic financial statements, and have issued my report thereon dated March 12, 2014.

Internal control over financial reporting

In planning and performing my audit of the financial statements, I considered the Tillman County Industrial Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mountain Park Conservancy District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Tillman County Industrial Authority's internal control.

A "deficiency in internal control" exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A "significant deficiency" is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Tillman County Industrial Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

Purpose of this report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and a long, sweeping tail on the 't'.

Certified Public Accountant
Mangum, Oklahoma
March 12, 2014